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United States Department of Agriculture  
U.S. Agricultural Adjustment Administration  
Division of Information

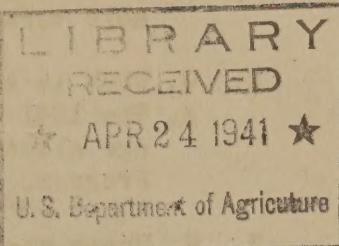
April, 1941

QUESTIONS AND ANSWERS

on the

1941 PEANUT MARKETING QUOTA REFERENDUM

Why Peanut Marketing Quotas are Necessary



Peanut production in recent years has expanded much more than has the market demand for peanuts for cleaning and shelling, with the result that farmers are now growing more peanuts than they can sell on the open market at fair prices. The 1940 acreage, the largest on record, was nearly 30 per cent larger than that of five years ago.

The Government has financed a diversion program since 1934 to dispose of the surplus and stabilize prices. This program has diverted to oil that part of the crop in excess of the amount needed for the edible trade.

Under this arrangement, peanut farmers were able to obtain a better price for their entire crop, either by selling on the market or by delivering to peanut cooperative associations. These cooperatives paid farmers an established price for their peanuts, and then sold the surplus for crushing into oil at the current price. The difference between the price paid to producers and the price received from the oil mills, together with handling costs for the peanuts diverted, was borne by the Government. This program had the effect of increasing income for all peanut growers.

For the 1940 crop, it appears that about 275,000 tons, or nearly one-third of the peanut crop, will be diverted to oil. For this heavy diversion, it is estimated that the cost to the Government may exceed 10 million dollars or from 20 to 25% of the value of the crop. This is about three times the cost of diversion in any previous year. In order to have a sound basis for a diversion program in the future, it will be necessary for growers to adjust supply more nearly in line with market demand for the edible trade. This can be done with marketing quotas.

Marketing quotas provide the means by which each farmer may receive his fair share of the available market--that is, the amount of peanuts which can be sold for cleaning and shelling at reasonable prices. Quotas will be in effect only if approved by two-thirds or more of the farmers voting in the referendum on April 26, 1941.

If quotas are approved, either peanut loans or a diversion program, or both, will be available to farmers in 1941, 1942, and 1943. If quotas are rejected by farmers, the law provides that no loan or diversion program can be offered during 1941.

Without some means of support, farmers have no assurance that peanut prices will remain high enough to give them a fair return for their crop.

QUESTIONS AND ANSWERS

1. Q. How do marketing quotas help farmers?  
A. Marketing quotas give to each farmer his fair share of the available market and thus his share of the income from the crop.
2. Q. What is the peanut marketing quota for a farm?  
A. The 1941 farm marketing quota is the actual production on the acreage allotment established under the 1941 Agricultural Conservation Program.
3. Q. Under what condition will marketing quotas be in effect on the 1941 peanut crop?  
A. Marketing quotas will be in effect if approved by two-thirds or more of the peanut growers voting in the forthcoming referendum.
4. Q. When will the referendum be held?  
A. The referendum will be held on Saturday, April 26, 1941.
5. Q. Who is eligible to vote in the referendum?  
A. All producers who shared in the proceeds of a 1940 peanut crop, which was picked and threshed by mechanical means, are eligible to vote in the referendum. This includes owners, tenants, and sharecroppers, each of whom is entitled to one vote.
6. Q. How long will quotas be in effect?  
A. If peanut marketing quotas are approved, they will be in effect for the crops produced in 1941, 1942, and 1943.
7. Q. If peanut marketing quotas are in effect, will they apply in a State, county, or community where the favorable vote is less than two-thirds?  
A. Yes. The peanut problem affects all peanut producers. Consequently, quotas will apply wherever peanuts are produced.
8. Q. Will peanuts harvested within the farm acreage allotment be subject to penalty?  
A. No. A farmer who harvests within the farm acreage allotment may market all of his peanuts without penalty.
9. Q. How will the marketing quota apply to a farm on which peanuts are harvested in excess of the farm acreage allotment?  
A. Peanuts picked and threshed by mechanical means and marketed from an acreage in excess of the farm acreage allotment, unless delivered to an agency designated by the Secretary of Agriculture for crushing for oil, will be subject to a penalty of three cents a pound.
10. Q. What price will the grower receive for excess peanuts delivered to this agency?  
A. The grower will be paid the current market price of the peanuts for crushing for oil, less the cost of handling.
11. Q. How will the penalty be collected?

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12. Q. The penalty will be collected on a percentage of each lot of peanuts marketed from the farm. The percentage of each lot subject to penalty will be that percentage which the acreage of peanuts picked and threshed in excess of the farm acreage allotment is of the total acreage of such peanuts on the farm.
12. Q. May a grower who harvests peanuts within the farm acreage allotment deliver them to the agency designated by the Secretary of Agriculture?
- A. Yes. The grower can either sell his peanuts to a buyer at the market price for edible peanuts or deliver them to the designated agency. In the latter case he will receive either the loan rates which will be between 50 and 75% of parity, or the price established under a peanut diversion program.
13. Q. What disposition will be made of peanuts delivered to this agency?
- A. Peanuts delivered to the agency will be sold for crushing for oil, unless needed by the edible trade.
14. Q. Are there any provisions exempting small farms from quotas?
- A. Marketing quotas will not apply to farms on which the acreage of peanuts picked and threshed by mechanical means is one acre or less.
15. Q. Will measures be taken to protect peanut prices when marketing quotas are in effect?
- A. Yes. The Law provides that either a peanut loan or a diversion program, or both, shall be offered each year in which peanut marketing quotas are in effect.
16. Q. Will a program to maintain prices be in effect if growers do not approve marketing quotas?
- A. No. The law prohibits a peanut loan or diversion program when quotas are not in effect.
17. Q. Do marketing quotas affect agricultural conservation payments which a peanut producer may receive in 1941?
- A. No. Producers who fully comply with the 1941 Agricultural Conservation Program will receive full payments, which will not be affected by peanut marketing quotas. However, producers who exceed their permitted acreage under the provisions of the Agricultural Conservation Program will be subject to deductions from their conservation payments.
18. Q. Can peanuts be substituted for any other crop without incurring deductions under the Agricultural Conservation Program?
- A. Yes. Since oil is produced from both cotton and peanuts, a farmer who reduces the cotton acreage in 1941 below the cotton acreage allotment (except new grower allotments) for the farm, may harvest an acreage of peanuts for oil not in excess of the acreage of cotton so reduced without thereby incurring any deductions under the Agricultural Conservation Program, provided such peanuts are delivered to an agency designated by the Secretary for crushing for oil.

19. Q. Do acreage allotments include peanuts used for feed and seed on the farm?

A. Yes, acreage allotments are based on past acreages of peanuts picked and threshed on the farm and these include peanuts used for seed and feed.

20. Q. Will any acreage of peanuts hogged off be considered as excess peanut acreage?

A. No. A farmer may dispose of peanut acreage in excess of his allotment by hogging it off. No deduction from conservation payments will be made for peanuts disposed of in this way, nor will the farmer be liable for any marketing quota penalty.

21. Q. Will there be any transfer of peanut quotas?

A. No. There will be no transfer of quotas or of marketing cards. Quotas will be based on acreage allotments and growers can sell without penalty all the peanuts produced on their allotted acreage.

22. Q. Where will eligible growers vote?

A. At community and county polling places designated by the county AAA committee.

23. Q. Who will conduct the referendum in the county?

A. The referendum will be conducted under the direction of the county AAA committee.

24. Q. What can a producer do about his quota when it seems unfair to him?

A. The producer may appeal to a review committee, which is made up of farmers who are not members of the AAA committee which established the farm acreage allotments. It is the duty of the review committee to determine whether the quota was properly established.

25. Q. Will peanut marketing quotas apply to farms on which peanuts are not picked and threshed by mechanical means?

A. No. But the operator will be required to obtain a marketing card to identify any peanuts marketed from the farm as being free from penalty.

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TABLE I

PEANUTS: Acreage Picked and Threshed, Production, Quantity Cleaned and Shelled, Crushed for Oil and Used on Farms and Miscellaneous, 1928-40.

Year	:		Disposition of Production		
	: Acreage : Quantity		Cleaned	Crushed	Used on the
	: Picked : Produced		and	for	Farm, and
	: and : Threshed		Shelled	Oil	Miscellaneous
	1,000 acres	tons	tons	tons	tons
1928	1,213	421,753	339,374	3,626	78,753
1929	1,262	449,099	359,529	14,471	75,099
1930	1,073	348,675	262,457	6,043	80,175
1931	1,440	527,907	427,680	4,320	95,907
1932	1,501	470,598	371,798	4,202	94,598
1933	1,217	409,810	312,740	1,260	95,810
1934	1,488	504,975	323,545	79,455	101,975
1935	1,473	573,613	390,990	78,010	104,613
1936	1,606	626,545	445,366	82,634	98,545
1937	1,500	612,095	427,054	85,446	99,595
1938	1,708	652,900	401,331	129,874	121,695
1939	1,859	589,752	444,758	35,742	107,252
1940 1/	1,907	825,817	450,000	275,000	100,817
		<u>1651634</u>	<u>902,000</u>	<u>550,000</u>	<u>101,634</u>

1/ Preliminary estimates based on peanuts accounted for in stocks and disappearance.

TABLE II

QUANTITY OF PEANUTS DIVERTED TO OIL, TOTAL COST, AND COST PER TON UNDER  
GOVERNMENT PROGRAMS -- 1934 - 1940, INCLUSIVE.

	1: TOTAL QUANTITY	1: TOTAL COST	1: COST PER TON
	1: (tons)	1: (dollars)	1: (dollars)
1934	76,569	\$ 751,237	\$ 9.81
1935	36,691	306,550	8.35
1936	None	---	---
1937	83,066	2,302,142	27.71
1938	129,294	3,339,839	25.83
1939	34,671	699,335	20.17
1/ 1940	275,000	10,000,000	36.00

1/ Preliminary estimate.